

CAI
HW 58
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Government
Publications

Canada. Dept. of National
Health and Welfare. Research
and Statistics Division
Social security series
No. 3. Old age income security
programme: Australia

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OLD AGE INCOME SECURITY PROGRAMS

AUSTRALIA

Memorandum No. 3, Social Security Series

**RESEARCH DIVISION
DEPARTMENT OF NATIONAL HEALTH AND WELFARE**

OTTAWA

MARCH 1950

OLD AGE INCOME SECURITY PROGRAMS :

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I. INTRODUCTION

Prior to the federation of the Australian states in 1901, several of them had been considering invalid and old age pensions. The introduction of old age pensions in New Zealand in 1898 and the interest of certain states in the same subject was reflected in the constitution of the Commonwealth which specifically granted to the federal government the power to make laws with respect to invalid and old age pensions.

Soon after confederation, the states of Victoria and New South Wales introduced old age pensions. However, in 1908 the Commonwealth Invalid and Old Age Pensions Act was passed, superseding the state schemes then in operation. The pension was £26 a year while the permissible income was also £26 a year. During the next 38 years the means test and pension rate were liberalized many times, although during the depression years two reductions were made in the rate of pension. On two occasions provisions for adjusting the pension to changes in a cost of living index were introduced and subsequently repealed. By 1948, the pension rate had been increased to £110/10/- a year (\$272.94)⁽¹⁾, the permissible income to £78 a year (\$192.66)⁽¹⁾ and the property limitation to £750 (\$1,852.50).⁽¹⁾

(1) The current rate of exchange is \$2.47 in Canadian dollars for an Australian £. This exchange rate is helpful in indicating what an Australian cash benefit would provide if the benefit were paid to a beneficiary in Canada and is the only yardstick available for translating the cash benefit in Canadian terms. It does not, however, measure in Canadian terms the actual purchasing power of an Australian cash benefit expended in Australia. Such a comparison involves not only the amount of the cash benefit but also the relation of that cash benefit to price levels and consumption patterns.

In July 1938, the Commonwealth Parliament passed the National Health and Pension Insurance Bill which provided for a co-ordinated system of health insurance and old age pensions. The scheme provided for compulsory insurance of persons, between the age of 14 and the pensionable age, who worked for an employer and whose earnings did not exceed £7 a week. The Act excluded various classes, such as farmers, and self-employed persons. Contributions were divided equally between employees and employers, with supplementary payments to be made to the fund from the Commonwealth treasury. A flat rate pension, of £1 a week for a husband and 15s. a week for his wife, was to be provided to women at 60 and men at 65. There was considerable opposition to this insurance measure, principally because of the method of financing adopted but also because it did not provide universal coverage. With the advent of war, the legislation was never proclaimed.

The means test old age pensions (or age pensions as they are called in Australia) therefore continued in effect. They are one of a number of social services provided under a co-ordinated social security program. In 1947, the Social Services Consolidation Act put into one legislative document the laws relating to the provision of certain social services, without reference to their financing. These schemes include: age and invalid pensions with allowances to the wives and unendowed children of invalid pensioners; funeral benefits for deceased age and invalid pensioners; widows' pensions; maternity allowances; child endowment (family allowances); unemployment and sickness benefits; and rehabilitation allowances.

Maternity allowances and child endowment (family allowances) are the only cash benefits free of a means test. No public request has yet become vocal for the removal of the means test on all social services, but there have been strong demands for its removal from the age pension, demands which have increased considerably since the institution in 1946 of a social services contribution.

At the present time, Australia is one of several countries, including Canada, Denmark, Norway, Spain and the Union of South Africa, that provide old age pensions only on a means test basis. Three of these countries, Canada, Denmark, and the Union of South Africa, finance the schemes wholly from general revenue while Norway depends upon earmarked taxes supplemented by general revenue.

Social services in Australia were also financed directly from general revenue for many years. However, at the present time all cash benefits, including old age pensions, together with health benefits, are financed from a National Welfare Fund which derives its revenue from a graduated social services contribution payable by individuals and private companies and from a pay-roll tax on employers.

The Social Services Department administers the monetary benefit schemes and the training and rehabilitation program for invalid pensioners, while the hospital, tuberculosis and pharmaceutical benefits are under the supervision of the Health Department. The collection of the social services contribution

and of the pay-roll tax for the National Welfare Fund is the responsibility of the Commissioner of Taxation of the Treasury Department.

The provision of old age income security in Australia should be considered in reference to its social and economic background. Australia is one of the largest countries of the world with an area equalling 80 per cent of that of Canada. Nearly 40 per cent of the area of Australia lies in the tropical zone in which, however, considerably less than 20 per cent of the population resides. In 1949, Australia had a population of about 7.8 million compared to about 13.5 million for Canada.

In age distribution, the population is not unlike that of Canada. Approximately 24.1 per cent of its population was under age 15 in 1941; in the same year for Canada the percentage was 27.8, indicating a slightly higher proportion of children. About 6.5 per cent of the Australian population was age 65 and over in 1933; this figure rose to 7.4 per cent in 1941. For the same age group for Canada the figures were 5.6 and 6.7 for 1931 and 1941, respectively. The increasing proportion of older persons in the population has important implications for the future costs of old age income security.

Australia has a comparatively homogeneous population of European origin, with aboriginals representing about 1 per cent. The majority of the people live in urban centres and rely upon wages and salaries for income. About 68.9 per cent of the population lived in urban areas in 1947 while wages and salaries

was the largest item, 56 per cent, of personal income in 1948-49. In Canada, wages and salaries constituted about 59 per cent of personal income in 1948.

The Australian economy is still largely devoted to agriculture and other primary sources of production, although in 1947-48 the value of the product of all factories was nearly one half the estimated net value of all production. In 1948-49 the value of agricultural products constituted about 90 per cent of all exports of the country, in return for which the largest volume of imports was textiles, machinery and other manufactured goods. Living standards of the country, as well as the social security program may be favourably or unfavourably affected by fluctuations in world prices for agricultural products which form an important factor in the Australian economy.

Australia was one of the pioneers in the adopting of non-contributory means test old age pensions. While many countries in the world had, by 1949, replaced or supplemented their means test old age programs with compulsory and contributory old age insurance, Australia along with such countries as Canada, Denmark, Norway and South Africa had retained the means test pension as its income maintenance program for the aged. In recent years, the old age pension in Australia has become an integral part of a comprehensive system of income maintenance programs. These measures are federally administered and financed through a National Welfare Fund which receives its revenue from two earmarked taxes, a social services contribution and a levy on payrolls.

II AGE PENSION

Age pensions are provided on a means test basis to males age 65 years and over and females age 60 and over subject to qualifications of residence, citizenship and character.

Old age pensions were introduced by the Commonwealth Government in 1909⁽¹⁾. The maximum pension payable was £26 a year while the allowable income was an additional £26. In the following year invalids' pensions were introduced and all subsequent changes in the rate of age pensions have applied to the invalids' pensions as well. During the next decade and a half the pension was increased four times so that in 1925 the pension was £52 per year and permissible income £32/10/- per year.

Pensions were reduced during the depression years. In 1931 the rate was lowered to £45/10/- per year and in 1932 provision was made for reducing the rate to £39 per year if the pensioner had an income of not less than £6/10/- per annum. This provision was removed the following year and a system of cost of living adjustments was introduced. By 1937, the 1925 level of £52 per year had been restored through cost of living adjustments and by government action to increase the maximum rate.

The provisions for cost of living adjustments were repealed in September 1937, reintroduced in 1940, and repealed again in 1944. From 1941 to 1943, there were seven increases and one decrease in the pension rate resulting from cost of

(1) The Commonwealth Invalid and Old Age Pension Act was passed in 1908 and the old age scheme was put into operation the following year.

living adjustments and, in addition, three upward adjustments of the rate were made by the government, so that by 1944 the pension rate stood at £70/4/- per year.

There was an increase in the pension rate in 1945, and a further increase in 1947 brought the rate to £97/10/- per year. In 1946, the other income allowable was increased, for the first time since 1923, to £50 per year. In 1948, the maximum pension was increased to £110/10/- per year and the allowable income to £78 per year, the rates now in effect. From 1911 to 1949 the average fortnightly pension rate climbed from 19/1 to 81/5 while the maximum rate rose from 20/- to 85/-.

The steady increase, both absolutely and relatively, in the number of recipients of age pensions is largely a reflection of the liberalization of the pension scheme and the ageing of the population. From 1911 to 1949 the number rose from 75,502 to 321,327, a fourfold increase over the period. The number of pensioners per 10,000 population rose from 168 in 1911 to 406 in 1949. There has been some increase in the rate of participation in the pension scheme. For the census years 1921, 1933, and 1947, age pensioners represented 32.2 per cent, 32.5 per cent and 37.9 per cent⁽¹⁾ respectively, of the total population of eligible pension age. Data on total number of pensioners, number per 10,000 population, average fortnightly pension rate and maximum fortnightly rate for selected years are shown in Appendix I.

(1) From 1940 on, invalid pensioners who qualified for age pensions by reason of age and residence have been included on the age pensions list. If these invalid pensioners are excluded, the figure for 1947 would drop from 37.9 per cent to approximately 34 per cent.

1. Income Qualifications

A single pensioner may have other income of £78 per annum while receiving the maximum pension of £110/10/- per annum, that is, a total of £188/10/-. If income other than pension exceeds £78 per annum, the pension is reduced by the amount of the excess. The definition of allowable income is set out in Appendix II.

Where both husband and wife are eligible for age pension, they may each receive a pension of £110/10/- annually, while each may have other income of £78 per annum. This provides the couple with a maximum income from all sources of £377.

Where only one of a married couple is eligible for an age pension, the couple may have a pension of £110/10/- annually and other income of £156 annually, that is, a maximum income of £266/10/-.

2. Property Qualifications

Persons with property valued at over £750 are not eligible for an age pension.⁽¹⁾ For pensioners with property valued at £750 or less, the annual rate of pension is reduced by £1 for every complete £10 by which the net value of the property of the pensioner exceeds £100 and does not exceed £450, and by £2 for every complete £10 of the remainder of the net value of the property. The types of property which are disregarded for purposes of calculating the pension are listed in Appendix III.

Appendix IV shows the effects of varying amounts of allowable income and property on the rate of age pension for a

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4.50 ⁽¹⁾ For a married couple, the amount is £1500.

single person. Appendix V gives corresponding figures for a married couple when one spouse is eligible, while Appendix VI sets out similar data for a married couple, both of whom are eligible.

3. Residence and Citizenship Qualifications

In order to qualify for an age pension, the applicant is required to have resided in Australia continuously for a period of at least 20 years, which need not be immediately preceding the date of application for pension.

Periods of absence from Australia, in certain circumstances, count as residence. These include: absences due to war ; absences during which the claimant was a resident of Australia for income tax purposes; and occasional absences not exceeding in aggregate 10 per cent of the total period of residence including those absences. An applicant may also count for purpose of residence qualification any temporary absences from the country during which his home remained in Australia; in the case of a married man, this concession applies only if, during his absence, he maintained his wife and children.

Citizenship is a qualification for age pension, except in the case of women who, before their marriage, were British subjects.

4. Character Qualifications

Prominent in the earlier laws for old age pensions in countries such as Australia and New Zealand were moral conditions which provided pensions only to individuals considered worthy.

In Australia this requirement has been carried into present day legislation. Anyone who is not of good character or not deserving of a pension is disqualified. Also, the applicant must not have deserted his wife, or failed to provide for his wife or children, for the six months' period preceding the application for pension. In some countries, such as Canada and South Africa, the old age pension laws have no character qualifications, while, in the old age pension legislation in Great Britain, the same type of qualification was found, after a few years, to be impracticable and was abolished.

5. Age Pensions in Relation to Other Programs

Invalid Pensioners. Invalid pensioners who qualify by age and residence are transferred to the age pension rolls.

Aged Blind Pensioners. For a permanently blind person who is qualified to receive either an age or invalid pension, the maximum pension payable remains the same but larger amounts of allowable income are permitted.

Aboriginal Natives. Age pensions may be paid to aboriginal natives who have been granted exemption from state laws. Those who have not been granted such an exemption may be eligible for the age pension if they are considered to be suitable persons. The pension is payable to the native or, where considered desirable, to the state agency controlling the affairs of these natives.

Funeral Benefits. A funeral benefit of £10 or the cost of the funeral, whichever is the smaller, is payable with respect to a deceased old age or invalid pensioner.

War Pensions. War pensions are considered as part of the permissible income of an age pensioner.

6. Experience in Adjusting Pension Rate with Changes in Cost of Living

In an attempt to ensure more stable purchasing power for pensioners, the technique of adjusting the pension rate to the changes in a cost of living index was, on two occasions, incorporated in the Australian age pension scheme. In each instance, however, the provisions for the operation of the technique were subsequently repealed.

Provisions for thus varying the pension rate were first introduced in October, 1933, and the index used was the weighted average for the capital cities of the six states. The pension was not to fall below the existing level, 17/6 weekly, or to rise above 20/- weekly. The rate of pension was to be determined annually with reference to the price index number for the first three months of the calendar year.

The first adjustment occurred in July 1935 when the pension was increased from 17/6 to 18/- per week. In September 1936, the scale of adjustments was varied, with the result that there was an immediate pension increase to 19/- per week. In September of the following year, the cost of living provisions were repealed and the maximum rate was increased to 20/- per week.

After the outbreak of the war in 1939 the cost of living began to increase fairly rapidly. Representations were received both from individuals and from organizations of

pensioners, requesting an increase in the pension to offset rising living costs. In December 1940, the pension was increased to 21/- per week and was again related to changes in the cost of living index, with the condition that the rate was not to fall below 21/- per week. The index which was used included all items, that is, food and groceries, housing, clothing and miscellaneous. For each variation of 23 points in the index number there was to be a variation of 6d. per week in the amount of pension. The adjustments were to be calculated quarterly on the basis of the index number for the preceding quarter.

By April 1942, the pension had risen to 24/- per week through the operation of the cost of living adjustment and one increase by government action. In May 1942, the pension was again increased to 25/- per week by amending legislation and at the same time provision was made for a new scale of adjustments by which the pension would be increased by 6d. per week for every 21 units by which the price index number exceeded the figure for the March quarter 1942. The pension was not to fall below 25/- per week. From the first of October 1942 to the end of November 1943 there were four increases followed by a decrease, all due to changes in the cost of living index, which brought the rate to 26/6 weekly.

This reduction of 6d. weekly had strong repercussions throughout the country. It was argued that the slight fall in the price index number was not felt by those who were dependent on old age and invalids' pensions and that the reduction had caused hardship and created anomalies. The government appointed a sub-committee of the cabinet to investigate the

situation and as a result of its report the pension rate was restored to 27/- weekly. Within a few months the cost of living adjustment provision was repealed.

In speaking on the Invalid and Old Age Pensions Bill, 1944, which abolished the cost of living adjustments to the old age pensions, the Attorney-General outlined the following reasons for requesting their removal. Any automatic system of adjusting pensions to the cost of living index was of an arbitrary nature. For example, a reduction of 1 per cent in the index caused a reduction of nearly 2 per cent in the pension rate and the cost of living figures in one part of the country actually increased when at the same time there was only a small rise or even a downward trend in other parts of the country. He also pointed out that the pensioners as a class lived at such a low level that they "would suffer by the loss of a shilling where the loss of pounds would not distress others". Further, he stated that the adjustment of the pension rate to the cost of living index caused considerable administrative work.

III FINANCING THE PROGRAM

1. National Welfare Fund

For many years all federal social services, including age pensions, were financed directly from consolidated revenue. However, in 1941 a pay-roll tax was introduced for the purpose of partly financing the child endowment scheme (family allowances). In 1943, the Commonwealth Government established a National Welfare Fund into which was paid £30 million annually or one-quarter of the income tax paid by individuals, whichever was the lesser. During the fiscal years⁽¹⁾ 1943-44 and 1944-45 only funeral benefits and maternity allowances were paid from the Fund. As a result, a considerable balance, over £53 million, had been built up by July, 1945.

In the fall of 1945, the Commonwealth Government considered that the increasing outlay on social services, representing at that time nearly one-half of all non-war expenditures, made essential a new financial approach. Accordingly, under the new financial arrangements of that year, the government established a unified pattern for all social services by incorporating all social service expenditures, including health benefits, under the National Welfare Fund.

Commencing January 1, 1946, revenue for the National Welfare Fund was obtained from a new social services contribution, which is levied on income, and from the existing pay-roll tax. These changes provided for a clearer picture of the scope and cost of social services in relation to national finances as a whole.

(1) The fiscal year of the Commonwealth Government ends on June 30th.

Both the social services contribution and the pay-roll tax are first paid into consolidated revenue and then appropriated to the National Welfare Fund.

The social services contribution is a much more important source of revenue than the pay-roll tax, yielding about $4\frac{1}{2}$ times as much revenue. For the fiscal year 1949-50, it is estimated that the revenue for the National Welfare Fund will be as follows:

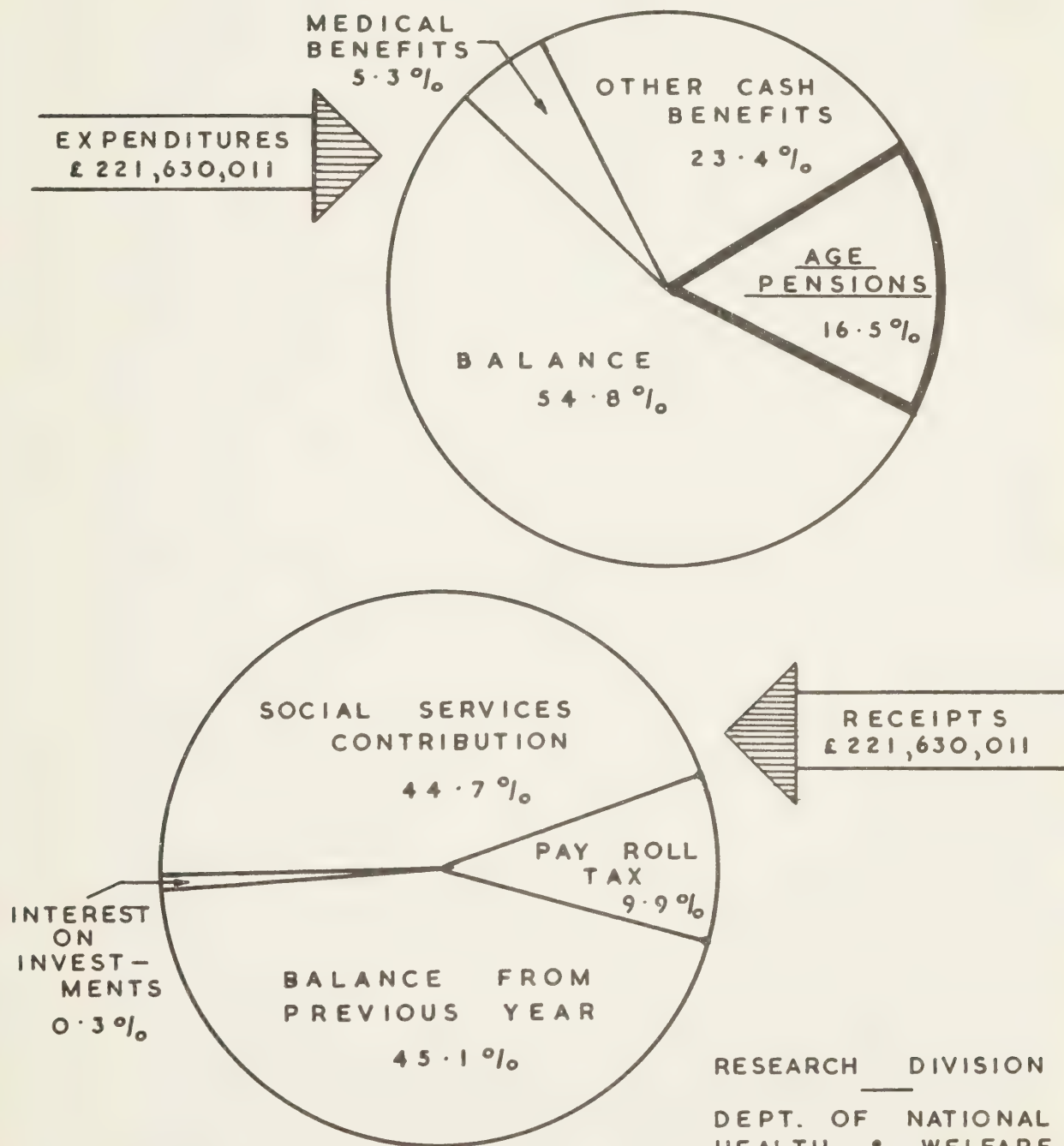
<u>Receipts</u>	<u>Amount</u>	<u>Per Cent</u>
Social services contribution	£ 99,000,000	44.7
Pay-roll tax	22,000,000	9.9
Interest on investments	750,000	0.3
Balance from previous year	99,880,000	45.1
TOTAL	£221,630,000	100.0

This information together with the main expenditure areas is shown graphically in the accompanying chart. Based on the estimates for 1949-50, expenditures on age pensions form 16.5 per cent of National Welfare Fund expenditures.

Appendix VII shows the receipts and expenditures of the National Welfare Fund for all years since its inception in 1943, with estimates for the fiscal year 1949-50. Even though expenditures have grown rapidly as a greater number of benefits have been financed through the Fund and as the scope of social services has been extended, a large reserve has been built up which now approximates the annual revenue from the social services contribution. The reserve in the Fund has increased from £25,525,000 in 1944-45 to £99,880,000

AUSTRALIA NATIONAL WELFARE FUND

ESTIMATE FOR 1949-50



in 1948-49 or a rise of almost fourfold in five years. By the end of the fiscal year 1949-50 the balance may reach £121 million, an increase of some £20 million or 21 per cent in the year.

The building up of this large reserve is in contrast to the reserve in the Social Security Fund in New Zealand, which is a small contingency reserve that has been kept at almost a constant level for a number of years. Another point of difference is the absence to date of any subsidy to the Australian National Welfare Fund from consolidated revenue; in New Zealand, large sums have been allocated annually from general revenues to the Social Security Fund.

Age and invalid pensions are by far the most costly social services programs in Australia, with child endowment (family allowances) the next largest expenditure. In 1938-39, age and invalid pension expenditures constituted £15,992,000 of the total social services expenditure of £16,429,000. In 1949-50, it is estimated that £45.5 million⁽¹⁾ will be expended on these pensions out of a total expenditure of £100.4 million on all social services. Appendix VIII gives data on expenditures on social services by type of service for the fiscal years 1938-39 to 1948-49, with estimates for 1949-50. In Australia

(1) While no official figures appear to be available for the expenditure on age pensions as distinct from invalid pensions, an estimate, based on the relative numbers of invalid and age pensioners, indicates that about 80 per cent, or about £36 million, will be spent on the age pension only.

about 45 per cent of expenditures on social services will be paid out in 1949-50 in age and invalid pensions, and in New Zealand about 41 per cent of the outlays on social security benefits will be expended on superannuation, age and invalid benefits.

2. Social Services Contribution

The social services contribution rises from 3 pence in the pound, or $1\frac{1}{4}$ per cent, to a maximum of $1\frac{1}{6}$ in the pound, or $7\frac{1}{2}$ per cent, on contributable income. The contribution is payable by individuals and private companies.⁽¹⁾ For individuals it is a graduated tax on income, while for private companies it is equal to the social services contribution which would have been paid by the shareholders on the company's undistributed income.

The exemption levels for the social services contribution have always been lower than for income taxes. The points of income at which social services contributions and income taxes first become payable are shown below for certain categories of dependent status.

(1) A private company is defined as a company under the control of not more than seven persons and which is not a company in which the public are substantially interested or a subsidiary of a public company.

Dependent Status	Annual Income at Which Social Services Contri- bution is First Payable	Annual Income at Which Income Tax is First Payable(1)
	£	£
Without dependents	105	501
With dependent wife	201	650
Man and wife and one child	284	754
Man and wife and two children	318	813
" " " " three "	351	852
" " " " four "	401	904
" " " " five "	451	956

For the fiscal year 1949-50 it has been estimated that there will be less than 750,000 persons paying income tax in addition to the social services contribution, while slightly over 2,000,000 persons will be liable for the contribution only. Thus it is seen that the financing of social services in Australia rests on a broad base; over one third of the population pays into the National Welfare Fund through the social services contribution. Numbers of persons paying social services contribution only and of those also paying income tax are shown for the years 1945-46 to 1949-50 in the accompanying chart.

As a source of revenue the social services contribution is exceeded only by all income taxes but not by the field of personal income tax alone. For 1949-50 the estimated yield from personal income tax is £96 million while it is expected that £99 million will be collected by the social services contribution. Revenues of the Commonwealth Government for 1948-49, with estimates for 1949-50, are shown in Appendix IX.

(1) Based upon the schedule, effective July 1, 1949, used by an employer in making weekly instalment deductions for the collection of income tax and social services contribution. Annual figures calculated from a weekly table are only approximate.

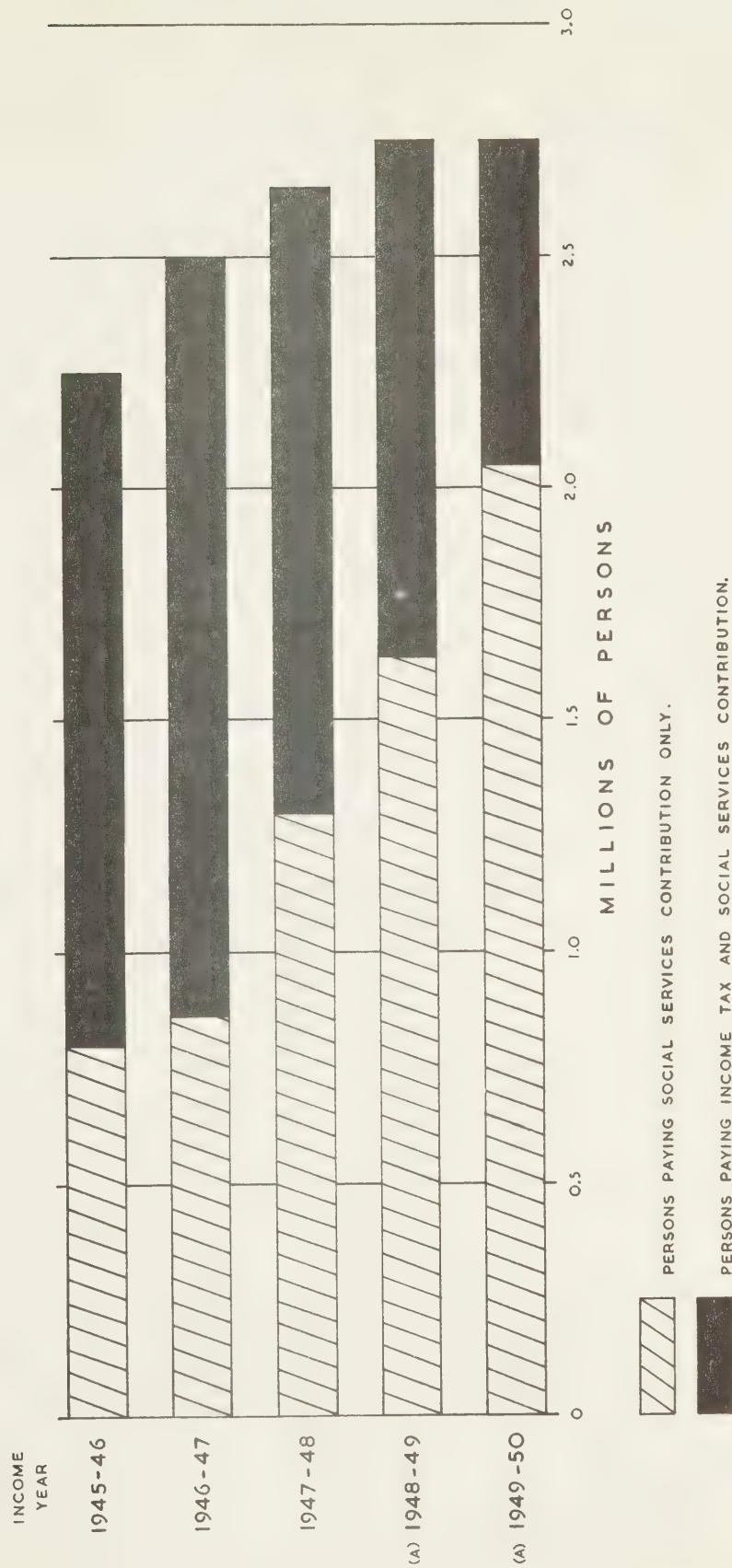
The tax and contribution year corresponds to the fiscal year ending June 30th. All individuals with incomes in excess of £104 annually are required to file their income returns by the 31st of July in each year (31st of August for business incomes). Notices of assessment are usually sent out between January and June of the next year.

Employers are required to deduct both income tax and the social services contribution, where applicable, from each payment of wages and salaries to an employee. Under the group plan for making deductions, which covers most employers of over ten persons, the amount deducted is remitted to the Taxation Department and, after the 30th of June, each employee is given a certificate by his employer showing the amount of deductions made. This certificate is presented at the time the notice of assessment is received to indicate how much tax has already been paid.

Employers with a small number of employees use a stamp deduction card. This card comes in two parts. Every four weeks the employer purchases stamps, also in two parts, for the amount of deductions made each pay day, and puts one stamp on each half of the card. At the end of the year the employer gives the employee half the card and sends the other half to the Taxation Department.

Employers, the self-employed, and non-employed persons, with incomes in excess of £104 annually, make a provisional payment of current income tax and social services contribution at the time the assessment for the previous year is being adjusted. One year later, when the same procedure is followed for the second year, an adjustment based on the actual income is made for the first year's payment.

NUMBER OF PERSONS LIABLE TO PAY INCOME TAX AND/OR SOCIAL SERVICES CONTRIBUTION AUSTRALIA 1945-46 TO 1949-50



IV ADMINISTRATION

The Commonwealth Department of Social Services, which was established in 1939 administers the various cash benefit programs, including age pensions, provided under the Social Services Consolidation Act. Serving under the Minister for Social Services is the Director General of Social Services who is the chief administrative officer. He is assisted by a Deputy Director-General and three assistant directors-general. One assistant director-general is concerned with policy and legislation, one with finance and the third with benefits.

In addition to the central office there are six state headquarters. At these offices, which are located at the State capitals, there is a Director of Social Services who is responsible to the Director-General.

Regional offices are established in certain country areas and the Registrar of Social Services in each such office is responsible to the Director at the State headquarters. The Registrar has the power to receive and investigate claims for all pensions and benefits and, in the case of some benefits, to authorize payment.

Applicants for age pensions apply for benefit to the Director of Social Services in the state or to the nearest Registrar of Social Services.

APPENDICES

APPENDIX I

AGE PENSIONS SUMMARY. AUSTRALIA. SELECTED YEARS

1911 to 1949

Year ended June 30	Number of Pensioners		Fortnightly Rate (a)			
	Total	Per 10,000 Population	Average		Maximum	
			s.	d.	s.	d.
1911	75,502	168	19	1	20	0
1915	90,892	182	19	5	20	0
1920	99,170	185	29	1	30	0
1925	117,516	198	33	8	35	0
1930	155,196	240	38	5	40	0
1935	197,126	293	33	7	35	0
1940(b)	272,896	388	38	6	40	0
1945	252,634	342	51	5	54	0
1946	264,826	355	62	8	65	0
1947	290,173	383	62	8	65	0
1948	302,854	393	71	11	75	0
1949	321,327	406	81	5	85	0

Source: Australia Quarterly Summary, June, 1949.

(a) Includes adjustment to cost of living price indices.

(b) At June 30, and subsequently, all invalid pensioners qualified for age pension by age and residence were transferred to age pension list.

APPENDIX II

DEFINITION OF ALLOWABLE INCOME

Allowable income is defined as personal earnings, moneys, valuable consideration or profits earned, derived or received for a person's own use or benefit, by any means from any source within or outside Australia. It includes any periodical payment or benefit by way of gift or allowance from a person (other than the father, mother, son or daughter of the person) but excludes certain specified items such as: payments from a friendly society; payments in respect of illness, infirmity or old age from any trade union; the value of food relief or like aid granted under any State law; maternity allowances, child endowment, hospital benefits, pharmaceutical benefits, and tuberculosis benefits. The income of a husband or wife is deemed to be half the total income of both.

In the calculation of income, the value of free board and lodging is assessed at £32/10/- per annum. Where a child under 16 years is dependent on a person, income of that person is reduced by £26 per annum, less any sums received by the person in respect of the child.

APPENDIX III

DEFINITION OF PROPERTY

Property includes all real or personal property as, for example, houses or land or interests therein, money in a bank or invested or lent to any person, bonds, shares in companies, interests in estates of deceased persons, livestock.

However, in determining the value of property the following factors are disregarded: the value of a permanent home owned by the pensioner or by his spouse; the value of any furniture and personal effects; the surrender value, not exceeding £200, of life insurance policies; the capital value of any life interest or annuity; the value of any contingent interest; the present value, not exceeding £500, of any reversionary interest; the value of any property (not being a contingent or reversionary interest) to which a person is entitled from an estate but which has not been received; the amount of any war gratuity under the War Gratuity Acts of 1920 or 1945.

In computing the value of property, the amount of any lawful encumbrance, other than on those items which are disregarded, is deducted. The value of the property of a husband or wife is taken to be one half the value of the property of the husband and wife combined.

Insurance monies which have been received with respect to the damage or destruction of a permanent home, owned by the pensioner or his spouse, and which are used for its repair or in building a new home, may be ignored, if the authorities so wish, in determining the rate of pension.

APPENDIX IV

EFFECTS OF INCOME AND PROPERTY QUALIFICATIONS ON AMOUNT OF AGE PENSION, SINGLE PENSIONER

(Annual Values)

A- ALLOWABLE INCOME

Allowable Income	Age Pension	Total Income
£	£	£
Nil	110/10/-	110/10/-
20	110/10/-	130/10/-
40	110/10/-	160/10/-
60	110/10/-	170/10/-
78	110/10/-	188/10/-
100	88/10/-	188/10/-
120	68/10/-	188/10/-
140	48/10/-	188/10/-
160	28/10/-	188/10/-
188/10/-	Nil	188/10/-

B - PROPERTY

Property Value	Reduction of Pension Due to Property
£	£
109 or less	Nil
150	5
250	15
450	35
550	55
650	75
750	110/10/-

For illustration: a pensioner with allowable income of £100 annually and with property valued at £450 would receive a pension of £88/10/- less £35, or £53/10/- annually.

APPENDIX V

EFFECTS OF INCOME AND PROPERTY QUALIFICATIONS ON AMOUNT OF
AGE PENSION, MARRIED COUPLE - ONE SPOUSE ELIGIBLE

(Annual Values)

A- ALLOWABLE INCOME

Allowable Income of Couple	Age Pension of Spouse	Total Income of Couple
£	£	£
Nil	110/10/-	110/10/-
50	110/10/-	160/10/-
100	110/10/-	210/10/-
150	110/10/-	260/10/-
156	110/10/-	266/10/-
200	66/10/-	266/10/-
220	46/10/-	266/10/-
230	36/10/-	266/10/-
240	26/10/-	266/10/-
266/10/-	Nil	266/10/-

B - PROPERTY

Value of Property of Couple	Reduction of Pension Due to Property
£	£
218 or less	Nil
300	5
500	15
900	35
1,100	55
1,300	75
1,500	110/10/-

For illustration: a married pensioner, with his spouse not eligible for pension, with allowable income of £200 for the couple and with the property of the couple valued at £900, would receive a pension of £66/10/- less £35, or £31/10/- annually.

APPENDIX VI

EFFECTS OF INCOME AND PROPERTY QUALIFICATIONS ON AMOUNT OF
AGE PENSIONS, MARRIED COUPLE - BOTH ELIGIBLE

(Annual Values)

A- ALLOWABLE INCOME

Allowable Income of Couple	Age Pension of Each	Total Income of Couple
£	£	£
Nil	110/10/-	221/-/-
50	110/10/-	271/-/-
150	110/10/-	371/-/-
156	110/10/-	377/-/-
200	88/10/-	377/-/-
250	63/10/-	377/-/-
300	38/10/-	377/-/-
350	13/10/-	377/-/-
377	Nil	377/-/-

B - PROPERTY

Value of Property of Couple	Reduction of Each Pension Due to Property
£	£
218 or less	Nil
300	5
500	15
900	35
1100	55
1300	75
1500	110/10/-

For illustration: when a married couple both of whom are eligible for pension have, between them, allowable income of £200 and property valued at £900, each would receive a pension of £88/10/- less £35, or £53/10/- annually.

APPENDIX VII

OPERATIONS OF NATIONAL WELFARE FUND, AUSTRALIA 1943-44 TO 1949-50

(In £ 000)

Item	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50 Estimate
1. Balance from previous year	-	25,525	53,074	46,914	49,994	69,928	99,880
2. Appropriation from Consolidated Revenue:							
(a) Social Services Contribution	-	-	(1) 11,499	(1) 13,647	71,448	90,255	99,000
(b) Pay-roll Tax	-	-	35,000	51,000	16,595	19,803	22,000
(c) Other	27,889	30,000			-	-	-
3. Interest on Investments	-	255	502	456	503	672	750
4. Total, Income	27,889	55,780	100,075	112,016	138,540	180,657	221,630
5. Total, Expenditures	2,364	2,707	53,162	62,022	68,613	80,777	100,425
6. Balance to following year	25,525	53,074	46,914	49,994	69,928	99,880	121,205

Sources: Budget Speeches of Commonwealth Treasurer 1946-47 to 1949-50, and Budget Papers 1946-47.

(1) Amount not available; "other" appropriation shown for these years was made in lieu of contribution amount collected.

Note: Totals may not add exactly, due to rounding.

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APPENDIX VIII

AUSTRALIAN COMMONWEALTH GOVERNMENT EXPENDITURES ON SOCIAL SERVICES (1) 1938-39 AND 1945-46 TO 1949-50

(In £ 000)

Item	1938-39	1945-46	1946-47	1947-48	1948-49	1949-50 Estimate
1. Age and Invalid Pensions	15,992	26,962	29,417	36,526	41,694	45,500
2. Funeral Benefits for Age and Invalid Pensioners	-	185	209	210	253	280
3. Widows' Pensions	-	3,247	3,366	3,904	4,388	4,600
4. Maternity Allowances	437	2,493	3,026	2,854	2,829	3,000
5. Child Endowment	-	18,019	19,863	19,426	24,323	31,000
6. Unemployment and Sickness Benefits	-	1,144	1,650	1,217	1,070	4,000
7. Community Rehabilitation	-	-	-	-	34	350
8. Hospital Benefits	-	1,111	4,380	4,448	5,880	6,000
9. Pharmaceutical Benefits	-	-	-	-	149	2,300
10. Tuberculosis Benefits	-	-	110	28	156	850
11. Mental Institution Benefits	-	-	-	-	-	400
12. National Health Services: (a) Medical Benefits (b) Miscellaneous Services	-	-	-	-	-	2,000
13. Rental Rebates Under Housing Agreement	-	-	-	-	-	125
TOTAL	16,429	53,162	62,022	68,613	80,777	100,425

Source: Budget Speeches.

(1) Expenditures shown for 1945-46 to 1949-50 are paid from the National Welfare Fund; those shown for 1938-39, from general revenue.

Note: Due to rounding, totals may not add exactly.

APPENDIX IX

REVENUES OF THE AUSTRALIAN COMMONWEALTH GOVERNMENT 1948-49, 1949-50

Item	Year Ended June 30, 1949		Year Ended June 30, 1950, (Estimate)	
	Amount	Per Cent	Amount	Per Cent
	£000		£000	
1. <u>Taxation</u>				
Customs	63,464	11.4	60,500	11.1
Excise	62,735	11.3	64,000	11.8
Sales Tax	39,029	7.0	35,000	6.4
Income Tax - Individuals	109,214	19.7	96,000	17.6
- Companies	72,878	13.1	81,000	14.9
Social Services Contributions	90,255	16.3	99,000	18.2
Pay-roll Tax	19,803	3.6	22,000	4.0
Land Tax	3,032	0.5	4,000	0.7
Estate Duty	4,740	0.9	5,000	0.9
Entertainments Tax	5,299	1.0	4,200	0.8
Gift Duty	581	0.1	500	0.1
Gold Tax	-5		-	-
Total	471,026	85.0	471,200	86.6
2. <u>Business Undertakings and Surplus Balances of Trust Accounts</u>	51,912	9.4	48,700	9.0
3. <u>Miscellaneous Revenue and Territories</u>	12,109	2.2	12,100	2.2
4. <u>Primary Production - Self Balancing Items</u>	19,329	3.5	12,000	2.2
5. <u>Total</u>	554,377	100.0	544,000	100.0

Source: Budget Speech, 1949-50, Treasury of the Commonwealth of Australia, September 7, 1949.

Note: Totals may not add exactly, due to rounding.

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